

## **Multi-Level Retirement Community Quality Assurance Fee Exemption Policy Requirements for Freestanding Skilled Nursing Facility Level-Bs**

### **Introduction**

*Health and Safety Code*, Sections 1324.20 through 1324.30 requires the California Department of Health Services (CDHS) to implement a Quality Assurance Fee (QAF) program for Free-Standing Skilled Nursing Facilities Level-B (FS/NF-B) and Free-Standing Skilled Adult Subacute Nursing Facilities Level-B (FSSA/NF-B). The purpose of the program is to provide additional reimbursement for, and to support quality improvement efforts in, licensed skilled nursing facilities. The Centers for Medicare & Medicaid Services (CMS) approved the CDHS request to implement the QAF program. State law authorizes CDHS to use the funds from the fee to support the costs of rate increase in the Medi-Cal program.

This section describes the process for requesting an exemption from the QAF program as a Multi-Level Retirement Community (MLRC).

### **MLRC FS/NF-Bs Requests for Exemption from the QAF Program in Future Rate Years**

#### **§ 141 CDHS Policy and Requirements**

CDHS requires any FS/NF-B requesting exemption from the QAF program as an MLRC facility for the 2008 – 09 and future rate years to comply with the following:

- (a) A facility may request an exemption once each rate year. This request must be submitted to CDHS by May 1 for the upcoming rate year. Any requests filed after the deadline will be accepted as a request for the subsequent rate year.
- (b) Each facility must submit to CDHS by May 1 of each year the following documentation:
  1. A copy of a current Residential Care for the Elderly (RCFE) license and Skilled Nursing Facility (SNF) license.
  2. Information that proves that both the SNF and RCFE are owned by the same entity (common ownership). The facility owner's name, federal tax identification number and Medi-Cal provider number must be correct and consistent with each other.
  3. Any FS/NF-B that has changes to its facility's corporate structure or general business practices must provide CDHS with six or more months of cost reports as operating under the new ownership or business practice.
  4. A description of the campus that indicates that the campus provides a continuum of services, including independent living services, assisted living services and skilled nursing care on a single campus.
  5. If the addresses of the SNF building and the RCFE building are different, the provider must send in proof that they are on the same campus and the ownership is the same.
  6. Each facility must provide its Medi-Cal provider number, federal tax identification number and the Office of Statewide Health Planning and Development number of the current owner.
  7. A statement under penalty of perjury that the facility has not received a certificate of authority or a letter of exemption from the Department of Social Services, as specified in *Health and Safety Code* Section 1771.3.
  8. Each facility must provide the total number of unlicensed Independent Living (IL) units and the total number of Assisted Living (AL) units.

*Please see MLRC Exemption Policy Requirements, page 2*

**Multi-Level Retirement Community Quality Assurance Fee Exemption Policy Requirements  
for Freestanding Skilled Nursing Facility Level-Bs**

9. If the facility licenses all of its IL and AL units under the RCFE license, the facility must demonstrate the following:
  - a) The IL area is separate from the AL.
  - b) There is a provision in an agreement between the resident and the facility which specifies when the level of care changes and how a transfer occurs from one facility type (IL, AL or SNF) to a higher or lower level of care.
10. The total number of SNF units must be 40 percent (40%) or less and the IL and AL units must be 60 percent (60%) or more of the total capacity of the campus. For example:
  - a) Total number of IL + AL units = or > 60% of Total Capacity.
  - b) Total Capacity = (IL + AL units) + SNF units.
11. CDHS will have 30 days from the date of the application to request any additional information.
12. Any application for exemption as a MLRC will be approved or denied by CDHS within 60 days from the date of the application but no later than August 1 of the rate year.
13. For any FS/NF-B that CDHS approves as an exempt MLRC, CDHS will adjust its rates effective August 1 of each rate year.
14. All information regarding a MLRC exemption request must be sent to:

California Department of Health Services  
Medi-Cal Policy Division/Long Term Care  
System Development Unit  
MLRC Reporting Policy  
MS 4612  
1501 Capitol Avenue, Suite, 71.4001  
P.O. Box 997417  
Sacramento, CA 95899-7417

Or Emailed to:

[AB1629@dhs.ca.gov](mailto:AB1629@dhs.ca.gov)

Web Page Link:

<http://www.dhs.ca.gov/mcs/mcpd/rdb/lrcsdu>